

TEACHERS' RETIREMENT BOARD  
BUDGETS AND AUDITS COMMITTEE

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SUBJECT: Approval of Minutes of October 2, 2002 Meeting

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: November 6, 2002

INFORMATION: \_\_\_\_\_

PRESENTER(S): Chairperson

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Please see the attached minutes of the October 2, 2002, Budgets and Audits Committee meeting.

PROPOSED  
MINUTES OF THE  
BUDGETS AND AUDITS COMMITTEE  
OF THE  
TEACHERS' RETIREMENT BOARD  
WEDNESDAY, OCTOBER 2, 2002  
BOARD ROOM  
7667 FOLSOM BOULEVARD  
SACRAMENTO, CALIFORNIA

**COMMITTEE MEMBERS PRESENT**

George Fenimore, Chairperson  
Karen Russell  
Jay Schenirer  
Carolyn Widener  
Louis Willhoit, representing the State Controller, Kathleen Connell  
John Hiber, representing the State Treasurer, Philip Angelides  
Annette Porini, representing the Director of Finance, B. Timothy Gage

**OTHER MEMBERS PRESENT**

Paul Krasnow  
Gary Lynes

**STAFF PRESENT**

Jack Ehnes, Chief Executive Officer  
Christopher J. Ailman, Chief Investment Officer  
Christopher Waddell, Chief Counsel  
Peggy Plett, DCEO, Administration  
Michael Carter, DCEO, Client Benefits and Services  
Laurence Martin, DCEO, Information and Financial Systems  
Ed Derman, DCEO, External Affairs and Program Development  
Mary Miles, Administrative Assistant

**OTHERS PRESENT**

Laura Metzger, SAIC	Michael Green, CTA
Dorothy Moser, CTA/NEA-R	Lois Shive, CTA

A quorum being present, Chairperson Fenimore called the meeting to order at 3:30 p.m.

II. **APPROVAL OF MINUTES OF JULY 11, 2002 MEETING**

MOTION duly made by Mr. Schenirer, seconded by Ms. Porini, and carried to approve the Minutes of the July 11, 2002 meeting.

III. **2002/2003 BUDGET ALLOTMENT CHANGE**

Ms. Plett requested an increase to the Executive Expense Account in the amount of \$5,000 which would incorporate two planning meetings for the Board and other Board expenses.

MOTION duly made by Ms. Russell, seconded by Ms. Widener, and carried to approve an increase to the Executive Expense Account to a total of \$10,000. Mr. Willhoit abstained.

IV. **2003/04 PROPOSED BUDGET**

Ms. Laura Metzger, Science Applications International Corporation, provided an assessment of where the System was as a result of START, the establishment of the Project Management Office, and probability of the success of projects.

Ms. Widener requested information on the program costs by function, both direct and indirect. Ms. Plett stated staff is focusing the budget in a way that provides cost distribution and cost allocation information for the different program areas.

Ms. Plett stated BCP No. 14 has been withdrawn due to AB 2451 being vetoed. Additionally, staff was in the process of finalizing BCP No. 5 with a comprehensive review of the existing space for the short and long term, and the additional information would be presented at the November meeting.

Ms. Porini stated that she would be abstaining because the Department of Finance ultimately would be required to take a position on the BCP's as submitted.

Mr. Hiber asked if staff would consider limited term positions as an alternative for some of the proposed requested positions until a post implementation review of the START project could be completed.

MOTION duly made by Mr. Hiber to approval the BCP's presented, except for the Information Technology proposals and to consider those proposals after the peer review. Motion dies for lack of second.

MOTION duly made by Ms. Russell, and seconded by Ms. Widener, and carried, to approve the BCP 1 -13 as presented. Ms. Porini, Mr. Willhoit, and Mr. Hiber abstained.

V. **2001/2002 FINAL YEAR REPORT**

Ms. Plett presented this item.

VI. **2002/2003 BUDGET STATUS UPDATE**

Ms. Plett reported that she would be providing information to the Committee on the additional \$7 million assessment for pro rata from the State Controller's Office.

VII. **DRAFT AGENDA FOR THE NOVEMBER COMMITTEE MEETING**

Ms. Plett stated that the focus of the November Committee meeting would be on the audit items. Staff was directed to bring back the facilities BCP and the pro rata issue. Ms. Plett was asked to report the amount of interest the System was charged due to the budget delay.

VIII. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**

There were no statements.

IX. **ADJOURNMENT**

Chairperson Fenimore adjourned the Committee meeting at 4:33 p.m.

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Jack Ehnes, Chief Executive Officer  
and Secretary to the Teachers' Retirement Board

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George Fenimore, Chairperson